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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE – Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

2012 FEB 15 PM 3 38

IN THE MATTER OF:

DAVID PAUL SMOOT and MARIE KATHLEEN
SMOOT (a.k.a. "KATHY SMOOT"), husband and
wife,

NATIVE AMERICAN WATER, L.L.C. (d.b.a.
"NATAWA"), an Arizona limited liability company,

NATAWA CORPORATION (d.b.a. "NATAWA"), a
Delaware corporation with a revoked authorization to
conduct business in Arizona as a foreign corporation,

AMERICAN INDIAN TECHNOLOGIES
INTERNATIONAL, L.L.C. (a.k.a. "AITP"), an
Arizona limited liability company,

RESPONDENTS.

DOCKET NO. S-20814A-11-0313

Arizona Corporation Commission

DOCKETED

FEB 15 2012

DOCKETED BY

PROCEDURAL ORDER

BY THE COMMISSION:

On October 20, 2011, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against the following individuals and entities: David Paul Smoot and Marie Kathleen Smoot aka Kathy Smoot, husband and wife; Native American Water, L.L.C., an Arizona limited liability company dba NATAWA ("NAW"); NATAWA Corporation, a Delaware corporation ("NATAWA"); and American Indian Technologies International, L.L.C., an Arizona limited liability company ("AITP") (collectively "Respondents") in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of debentures, notes, membership interests in limited liability companies and corporate stock.

The spouse ("Respondent Spouse") of Respondent David Smoot is joined in the action pursuant to A.R.S. § 44-2031(C) solely for the purpose of determining the liability of the marital

1 community.

2 The Respondents were duly served with copies of the Notice.

3 On October 31, 2011, a request for hearing was filed on behalf of the Respondents.

4 On November 1, 2011, by Procedural Order, a pre-hearing conference was scheduled on
5 November 29, 2011.

6 On November 17, 2011, Respondents' counsel filed a Motion to Continue the pre-hearing
7 conference due to a scheduling conflict. It was indicated therein that the Division had no objections
8 to the continuance and alternative dates for the pre-hearing conference were suggested.

9 On November 21, 2012, by Procedural Order, the pre-hearing conference was continued to
10 January 18, 2012.

11 On January 18, 2012, at the pre-hearing conference, the Division and Respondents appeared
12 through counsel. The Division indicated that the parties were discussing the issues raised by the
13 Notice, but in the interim requested that a hearing be scheduled. Respondents' counsel also raised the
14 question of whether the parties would exchange disclosure statements pursuant to Ariz. R. Civ. P.
15 26.1. The Division objected to an exchange pursuant to Ariz. R. Civ. P., and the parties were directed
16 to file briefs on the issue by February 3, 2012.

17 On February 3, 2012, the parties filed their briefs arguing their respective positions on the
18 issue of disclosure.

19 Upon consideration of the arguments raised therein, the respective parties should each file a
20 response to the briefs filed on February 3, 2012.

21 IT IS THEREFORE ORDERED that the **Division and Respondents shall each file a**
22 **response to the briefs by March 8, 2012.**

23 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
24 Communications) applies to this proceeding as the matter is now set for public hearing.

25 IT IS FURTHER ORDERED that withdrawal or representation must be made in compliance
26 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
27 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances
28 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is

1 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the
2 Administrative Law Judge or the Commission.

3 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
4 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission
5 *pro hac vice*.

6 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
7 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

8 DATED this 15TH day of February, 2012.

9
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11 
12 MARC E. STERN
ADMINISTRATIVE LAW JUDGE

13 Copies of the foregoing mailed/delivered
14 this 15TH day of February, 2012 to:

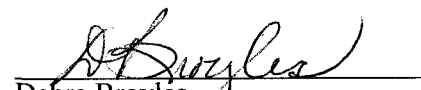
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27 By:


Debra Broyles
Secretary to Marc E. Stern